

TOWN OF HASKELL, OKLAHOMA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2014

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**JIM RUSH**  
CERTIFIED PUBLIC ACCOUNTANT  
9726 East 42<sup>nd</sup> Street, Suite 230  
Tulsa, Oklahoma 74146-3645  
Telephone (918) 664-9190

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Haskell, Oklahoma

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Town of Haskell, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, as shown on pages 1 to 13, which collectively comprise a portion of the Town's basic financial statements required by accounting principles generally accepted in the United States of America.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Basis for Adverse Opinion**

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component unit. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The

To the Town Council  
Town of Haskell, Oklahoma

amounts that would be reported in government-wide financial statements of the Town of Haskell, Oklahoma's governmental activities, business-type activities, and discretely presented component unit have not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Haskell, Oklahoma, as of June 30, 2014, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's budgetary comparison information on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

### **Other Information**

The Town of Haskell, Oklahoma, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of Haskell Public Works Authority, Town of Haskell, Oklahoma, as of and for the year ended June 30, 2014, and our report thereon, dated August 5, 2014, expressed an unmodified opinion on those financial statements.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2014, on our consideration of the Town of Haskell, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Haskell, Oklahoma's internal control over financial reporting and compliance.



Certified Public Accountant  
Tulsa, Oklahoma

August 15, 2014

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2014

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ASSETS:

Cash	\$ 477,819
Certificates of Deposit	341,276
Receivables:	
Taxes	53,489
Due from Public Works Fund	--
Fixed Assets:	
Land	91,114
Property and Equipment	1,889,720
	<u>1,980,834</u>
Less: Accumulated Depreciation	< 788,948 >
	<u>1,191,886</u>
	<u>\$2,064,470</u>

LIABILITIES AND NET ASSETS:

Claims Payable	\$ 55,245
Accrued Vacations	8,387
	<u>63,632</u>

NET ASSETS:

Invested in Fixed Assets	\$1,191,886
Restricted for Capital Improvements – Cemetery	44,014
Unrestricted	764,938
Total Net Assets	<u>\$2,000,838</u>
	<u>\$2,064,470</u>

Notes to financial statements are an integral part of these statements.

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government:				
Administration	\$ 258,766	\$ 2,752		<\$ 256,014>
Public Safety:				
Police	414,000	47,388	\$15,000	< 351,612>
Fire	65,602	27,957	19,723	< 17,922>
Public Service:				
Streets	189,866	18,944		< 170,922>
Park	44,668			< 44,668>
Library	11,815			< 11,815>
Cemetery	56,676	43,045		< 1,3631>
Total Government Activities	<u>\$1,041,393</u>	<u>\$140,086</u>	<u>\$34,723</u>	<u>\$ 866,584</u>
General Revenues:				
Taxes:				
Sales				\$ 697,559
Franchise				41,678
Other				15,685
Interest				2,579
Miscellaneous				66,556
Stormwater				30,110
Total General Revenues				<u>\$ 854,167</u>
Net Change in Net Assets				< 12,417>
Net Assets – Beginning				<u>\$2,013,255</u>
Net Assets – Ending				<u>\$2,000,838</u>

Notes to financial statements are an integral part of these statements.

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
RECONCILIATION OF STATEMENT OF FINANCIAL POSITION  
WITH THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2014

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Total fund balance	\$ 817,339
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Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$1,980,834	
Accumulated depreciation	< 788,948 >	1,191,886

Compensated absences are not due and payable in the current period and are not reported in the funds.

< 8,387 >

Total net assets	<u>\$2,000,838</u>
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The accompanying notes are an integral part of this financial statement.

## TOWN OF HASKELL, OKLAHOMA

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2014

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REVENUE:

Sales/Use Tax	\$ 697,559
Franchise Tax	41,678
Gasoline Tax	3,613
Motor Vehicle Tax	15,331
Cigarette Tax	7,941
Cemetery Sales	43,045
Alcoholic Beverage Tax	7,744
Grants	34,723
Licenses and Permits	2,752
Fire Service	27,957
Fines and Forfeitures	47,388
Stormwater	30,110
Other	66,556
Interest	2,579

Total Revenue	<u>\$1,028,976</u>
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## EXPENDITURES:

General Government	120,379
Police	403,213
Town Clerk and Treasurer	46,610
Grants	15,000
Administration	5,945
Library	11,815
Civil Defense	33,767
Parks and Recreation	38,827
Streets	170,924
Fire	55,507
Cemetery	53,108
Court	20,430
Emergency Management	19,228

Total Expenditures	<u>\$ 994,753</u>
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Excess (Deficiency) of Revenue Over Expenditures	34,223
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Net Assets – Beginning	<u>\$ 783,116</u>
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Net Assets – Ending	<u>\$ 817,339</u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN NET ASSETS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

Net changes in fund balances – total governmental funds \$34,223

Amounts reported for governmental activities in the statement of activities are different because:

Compensated absences are reported as the amount earned in the statement of activities but as paid in the governmental funds. 918

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities.

This is the amount by which capital outlay exceeds depreciation in the period.

Capital outlay	28,904	
Depreciation expense	76,462	< 47,558>
Change in net assets		< \$12,417>

The accompanying notes are an integral part of this financial statement.



TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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1. Reporting Entity

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by generally accepted accounting principles as applied to government units. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the section governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Excluded from the Reporting Entity:

Haskell Public Works Authority

The Authority was created for the purpose of financing installation of water and service lines and providing utility services to the residents of the Town of Haskell. The Authority has issued notes which do not constitute debt of the Town. Trustees for the Authority are members of the Town Board of Trustees.

2. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report.

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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2. Fund Accounting – Continued

Governmental Funds

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

3. General Fixed Assets – This account group is used to account for land, buildings, improvements and equipment purchased by governmental funds. The historical cost of the Town's infrastructure, i.e., road, bridges, and gutters, streets and sidewalks, drainage systems, are reported in the Accounting Group. Depreciation expense is charged for assets in the Account Group. Buildings are written off over sixty years and other items between five to fifty years. Depreciation expense this year was \$76,462.

4. Basis of Accounting

The funds of the Town are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are generally recognized when the related fund liability is incurred.

5. Annual Budget

The budget for the governmental fund is prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be paid. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

6. Cash

For the purposes of the combined balance sheet, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. All deposits are F.D.I.C. insured.

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

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7. Claims Payable

Claims payable represent commitments related to performed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

8. Pension Plan

Oklahoma Police and Firefighter's Pension and Retirement Systems

Town of Haskell participates in two statewide, cost-sharing multiple-employer defined benefit plans on behalf of police officers and firefighters. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations as necessary. The Town paid 100% of its share, \$21,003, and has no future liability.

Oklahoma Municipal Retirement Fund

The Town allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The Town paid \$9,699 and has no future liability.

9. Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Member of the American Institute  
of Certified Public Accountants

Member of the Oklahoma Society  
of Certified Public Accountants

**JIM RUSH**

CERTIFIED PUBLIC ACCOUNTANT  
9726 East 42<sup>nd</sup> Street, Suite 230  
Tulsa, Oklahoma 74146-3645  
Telephone (918) 664-9190

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Town of Haskell, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Haskell's General Fund as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2014. The Town of Haskell, Oklahoma, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered Town of Haskell, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Haskell, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Haskell, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Board of Trustees  
Town of Haskell, Oklahoma  
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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Haskell, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This Report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant  
Tulsa, Oklahoma

August 15, 2014

TOWN OF HASKELL, OKLAHOMA  
GENERAL FUND  
STATEMENT OF ACTIVITIES – BUDGET TO ACTUAL  
YEAR ENDED JUNE 30, 2014

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
<b>INCOME:</b>			
Sales and Use Tax	\$ 785,000	\$697,559	<\$ 87,441>
Franchise Tax	57,000	41,678	< 15,322>
License and Gas Tax	26,000	18,944	< 7,056>
Other Taxes	24,000	18,437	< 5,563>
Fines	97,200	47,388	< 49,812>
Grants	105,000	34,723	< 70,277>
Fire	34,000	27,957	< 6,043>
Cemetery	35,000	43,045	8,045
Interest and Miscellaneous	80,840	99,245	18,405
	<u>\$1,244,040</u>	<u>\$1,028,976</u>	<u>&lt;\$215,064&gt;</u>
<b>EXPENSES:</b>			
Personnel Services	\$ 506,200	\$427,477	\$78,723
Maintenance and Operations	571,840	528,746	43,094
Capital Outlay	166,000	38,530	127,470
	<u>\$1,244,040</u>	<u>\$994,753</u>	<u>\$249,287</u>

Notes to financial statements are an integral part of these statements.